

AUG 30 1985 - 1 55 PM

In connection with that certain Equipment Lease Agreement dated as of August 28, 1985 (the "Lease") between MDRC Equipment Leasing Corporation as Lessor (the "Lessor") and Asarco Incorporated ("Lessee") covering certain items of equipment ("Equipment") more fully described in the Individual Equipment Records ("IER") thereto, it is agreed that upon execution by the parties hereto this Lease Addendum No. 2 shall constitute a part of said Lease.

Lessee is hereby granted an option, which option shall not be assignable, to renew the Lease Term with respect to all, but not less than all, of the Equipment covered by the Lease (herein called a "Renewal Term") for one (1) year commencing for each Item of Equipment at the expiration of the Term of the IER pertaining to such Equipment for the Equipment's then "Fair Rental Value" (as hereinafter defined).

The term Fair Rental Value shall mean the selling price that would be obtained in an arms-length transaction between an informed and willing Lessor and an informed and willing Lessee each under no compulsion to lease. Such Fair Rental Value shall be determined on the basis that the Equipment is in complete compliance with all conditions specified in the Lease and IER and the Equipment is installed and/or in service and any cost of removal, preparation for shipment and transportation shall not be deducted from the market value of the Equipment.

The exercise of said option is conditioned upon the occurrence of the following conditions precedent: (a) Lessee shall have performed all of the terms and conditions of the Lease and of all other agreements between Lessor and Lessee, at the time and in the manner required therein and neither an Event of Default nor an event which with due notice and/or lapse of time would constitute an Event of Default shall have occurred and be continuing under the Lease or any other such agreement; (b) Lessor shall have received written notice of the election to exercise said option at least one hundred twenty (120) days prior to the date upon which the original Term of the first IER of the Lease expires; and (c) Lessee shall have paid to Lessor the Fair Rental Value price, as set forth below, together with all taxes on or measured by such amount.

The Fair Rental Value shall be an amount mutually agreed upon by Lessor and Lessee. Lessee's estimate of Fair Rental Value of the Equipment covered by the first expiring IER referred to shall accompany the one hundred twenty (120) days' notice set forth above; and one hundred twenty (120) days prior to the expiration of each subsequently expiring IER Lessee shall send its reasonable estimate of the Fair Rental Value of the Equipment covered by each such IER. If Lessor and Lessee are unable to agree upon the amount of the Fair Rental Value of the Equipment within sixty (60) days after Lessor's receipt of the estimate thereof, then the Fair Rental Value shall be

determined by an appraiser selected by mutual agreement. If Lessor and Lessee are not able to agree upon an appraiser, or if the Fair Rental Value is not so determined within ninety (90) days after Lessor's receipt of Lessee's notice of election to exercise the renewal option, the Fair Rental Value shall be determined by American Appraisal Company. The Fair Rental Value as finally determined shall bear interest for the period, if any, from the date of expiration of the IER to the date of payment, at the Overdue Rate (as such term is defined in the Lease) and Lessee shall pay the cost of any appraisal.

By Lessee's renewal of the Lease Term of the Equipment covered by the first IER entered into pursuant to the Lease, Lessee agrees that it shall thereafter renew, upon the terms and conditions set forth herein, the remainder of the Equipment covered by the Lease.

Unless Lessee has renewed the Lease Term of the Equipment as set forth above, all the Equipment then leased shall be returned pursuant to Section 15 of the Lease.

MDFC EQUIPMENT LEASING CORPORATION

By: Daniel O. Anderson

Its: VICE PRESIDENT

ASARCO INCORPORATED

By: J. McCallister

Its: V.P. & Treasurer

On this the 28th day of August 1985, before me, Frances A. Machado, the undersigned Notary Public, personally appeared Daniel O. Anderson, personally known to me to be the person who executed the within instrument as Vice President on behalf of the corporation therein named, and acknowledged to me that the corporation executed it.

(Notary Seal)



Frances A. Machado
Notary Signature

On this the 28th day of August 1985, before me, Meaghan C. Rock, the undersigned Notary Public, personally appeared Stephen P. McCandless, personally known to me to be the person who executed the within instrument as Vice President and Treasurer on behalf of ASARCO Incorporated, and acknowledged to me that the corporation executed it.

(Notary Seal)

MEAGHAN C. ROCK
Notary Public, State of New York
No. 36-4818487
Qualified in Orange County
Qualified in New York County
Commission Expires March 30, 1986

Meaghan C. Rock
Notary Signature